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April Rice Update

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Report Highlights: Although Vietnam's CY-2003 rice area is expected to decline by 120 thousand hectares, total production will be about the same as last year due to better crop yields. Vietnam's rice exports in the first quarter of the year achieved 23% of the government's calendar year target of 3.5 million metric tons. Vietnam's rice trade data for the first quarter and the revised PS&D data are also provided.

Includes PSD changes: Yes
Includes Trade Matrix: No
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PRODUCTION

Winter-Spring (W-S) rice crop

In the Northern provinces, planting of the W-S crop has been completed. The planted area is estimated at 1,179 thousand hectares (tha) of which 592 tha is in the Red River Delta (RRD). Reportedly, the W-S crop is growing well.

In the Southern provinces, the W-S rice is being harvested. As of April 5th, about 1,500 tha of W-S rice has been harvested, of which 1,377 tha was in the Mekong River Delta (MRD).

In the MRD, the W-S rice production was estimated at 8,150 thousand metric tons (tmt), a slight increase from the last crop (8,079 tmt) due to a slight increase in yield despite lower areas. The MRD harvested W-S area was 1,500 thousand hectares (tha), below last year's area by 10,000 ha. Crop area declines were reported in Long An, Can Tho and Vinh Long provinces due to marginal rice land being converted to other crops or being used for aquaculture.

The W-S rice crop in other regions, including the Tay Nguyen (Central) Highlands and the South Coastal provinces, has been affected by prolonged drought. According to a recent (first week of April) MARD report, about 7,000 ha of W-S rice in the Tay Nguyen Highlands (Dac Lac, Gia Lai and Kon Tum provinces) has been hurt by the drought. According to the MARD report, up to 1,700 ha of the 7,000 ha drought-stricken area may bring no harvest at all. In the South Coastal region (Ninh Thuan, Binh Thuan and Phu Yen provinces), about 4,650 ha of the W-S rice has been harmed, of which 300 ha will be totally destroyed. The regional crop yield will certainly be lower than last year's yield. Post feels that some MRD rice will be transported to the drought-stricken regions to cover their food needs.

Post keeps our previous estimate of Vietnam's 2003 W-S rice production unchanged at 15,600 tmt. That W-S crop is slightly larger than last year's crop (15,590 tmt) due to a slight production increase in the Northern regions.

2003's Summer-Autumn (S-A) rice crop

The 2003's S-A rice crop is being sown. As of April 5th, farmers in the Southern provinces have sown 498 tha of the S-A rice of which 482 tha is in the MRD.

In MRD, the S-A rice area is slightly down, and crop yield might go up.

MRD farmers plan to plant less S-A rice, but yields are expected to go up as marginal areas are being converted to other crops, such as sesame seed, sweet corn, and aquaculture. The MRD's crop area is estimated at 1,780 tha, about 45 tha lower than last year. However, the crop yield is expected to increase due to higher input use and less marginal land being used to grow rice.

Post revises Vietnam's 2003 S-A rice area down to 2,180 tha and the crop yield up to 3.78 mt/ha. However, the crop production stays at roughly the same level of last year's crop (see table 1).

Table 1: Vietnam Rough Rice Areas, Yield and Production (Revised-April, 2003)

	2001		2002		2003	
Harvested Area (the)	Old	New	Old	New	Old	New

Lua Mua (10th month)	2,341	2,341	2,243	2,243	2,170	2,170
Winter-Spring	3,010	3,010	3,004	3,004	3,000	3,000
Summer-Autumn	2,154	2,142	2,092	2,224	2,220	2,180
TOTAL	7,505	7,493	7,339	7,471	7,390	7,350
Yield (mt/ha)						
Lua Mua (10th Month)	3.50	3.50	3.58	3.58	3.74	3.74
Winter-Spring	5.00	5.00	5.19	5.19	5.20	5.20
Summer-Autumn	3.65	3.63	3.68	3.71	3.70	3.78
TOTAL	4.14	4.14	4.27	4.27	4.32	4.35
Production (tmt)						
Lua Mua (10th Month)	8,194	8,194	8,030	8,030	8,116	8,116
Winter-Spring	15,050	15,050	15,591	15,591	15,600	15,600
Summer-Autumn	7,862	7,775	7,699	8,251	8,214	8,240
TOTAL	31,106	31,019	31,319	31,872	31,930	31,956

Post revises Vietnam's CY-2003 rice area down to 7,350 tha, the crop yield up to 4.35 mt/ha and the total paddy production to 31,956 tmt (see table 1).

PRICE Exchange rate: VND 15,460 equal to \$1 as of April 23, 2003

In Northern provinces. Paddy prices are stable at VND 2,000-2,100/kg due to stable supplies and a promising good harvest from the W-S rice crop. Prices of ordinary rice are at VND 2,100-3,050/kg. Prices of special rice (traditional varieties or varieties used for special foods) ranges from VND 6,000-8,000/kg.

In MRD. Current paddy prices are recovering by VND 10-20/kg to VND 1,530-1,580/kg compared with prices quoted a week ago. Paddy prices offered on April 11th were VND 1,520-1,580, down about VND 20-50/kg (\$1.20-3.20/mt) compared with those quoted on March 30th due to the increased supplies of the W-S rice.

Export-quality unpolished rice prices quoted on April 11 were VND 2,150-2,230/kg, down about VND 30/kg from those of March 30. Current prices (April 22) have firmed by VND 30-60/kg to VND 2,180-2,290/kg due to rice stocks being held by traders, increasing demand for export-quality rice, and because the W-S harvest is almost finished.

Export prices

For high-quality rice, current prices are \$177/mt (5% broken) and \$173/mt (10% broken) FOB HCMC, slightly up by \$2-3/mt compared with last week's levels.

Medium and low quality rice are still stable at \$168/mt (15% broken) and \$163/mt (25% broken, FOB HCMC) but exporters do not want to offer large quantities -- no more than 15,000 mt -- because they are worried about an increase in domestic prices. Therefore, the exporters are only offering supplies they already have under their control.

TRADE

Vietnam's rice exports in the first quarter of 2003

According to traders, Vietnam's rice exports in the first quarter of 2003 are estimated at 830 tmt. Asia and Africa remained the major markets for Vietnam's rice. About 551 tmt (or 66%) and 113 tmt (or 13%) were exported to Asian countries including Indonesia, Philippines and Malaysia and African countries including Senegal, Rwanda respectively (see table 2).

A larger proportion (51%) of the rice exports was medium (15% broken) and low quality (25% broken) rice, while the ratio of high quality rice (5% and 10% broken) was 28 percent.

Table 2: Vietnam's January-March Rice Exports by Grades and Destinations (Unit: mt)

	5%	10%	15%	25%	100%	Glutinous	Jasmine	Unknown	Total
ASIA	90,319	42,310	311,056	12,800	1,652	6,378	42	47,000	511,557
Inwhich:Indonesia	21,918	17,060	253,408	2,800	1,652	1,566	0	0	298,404
Philippines	18,500	2,000	5,700	3,450	0	1,292	0	0	30,942
Malaysia	15,015	18,600	5,350	4,750	0	2,340	0	0	46,055
Singapore	2,100	2,950	23,247	1,800	0	1,180	42	0	31,319
East Timor	120	1,700	8,320	0	0	0	0	0	10,140
Iraq									0
Iran	15,000								15,000
Syria	12,751								12,751
Yemen									0
North Korea									0
Japan	4,915	0	15,031						19,946
Cambodia									0
Hongkong									0
others									0
AFRICA	49,877	7,550	25,510	1,500	29,262	0	0	0	113,699
In which Tanzania	0								
Senegal	4,725	6,050	7,075	0	0	0	0	0	17,850
Angola	3,000	0	0	0	0	0	0	0	3,000
Rwanda	0	1,500	7,000	1,500	0	0	0	0	10,000
Ghana	0	0	0	0	0	0	0	0	0
others	42,152	0	11,435	0	29,262	0	0	0	82,849
EUROPE and CIS	0	39,448	0	0	0	0	0	5,000	44,448
Inwhich: Russia	0	33,448	0	0	0	0	0	0	33,448

Ukraine	0	0	0	0	0	0	0	0	0
Poland	0	6,000	0	0	0	0	0	0	6,000
others	0	0	0	0	0	0	0	5,000	5,000
AMERICAS	0	0	0	75,560	0	0	0	0	75,560
Inwhich: Cuba	0	0	0	75,560	0	0	0	0	75,560
AUSTRALIA	0	0	0	0	0	0	132	0	132
Unknown	0	7,500	3,007	0	3,000	0	0	72,000	85,507
TOTAL	140,196	96,808	339,573	89,860	33,914	6,378	174	124,000	830,903

Source: Traders

According to the Ministry of Trade (MOT), Vietnam, by the end of March, has signed export contracts for roughly 2 million metric ton (mmt) of rice, of which 800 tmt is under Government to Government (G-G) contracts. The G-G contracts are for shipments to Iraq, Indonesia, Philippines, and Cuba.

MOT allocates 187 tmt of 25% broken rice to the Philippines

In the middle of March, Vinafood 2 (on behalf of the Vietnamese Government) won a contract to supply 187,500 mt of 25% broken rice to the Philippines at \$194/mt (C&F Manila). The rice will be delivered in April and May, 2003.

To implement that contract, the MOT allocated portions of the transaction to 58 Vietnamese rice companies (both state-owned and private-sector companies). Vinafood 2 got the biggest share with a volume of 56,000 metric tons, while the other companies received shares ranging from 500 mt to 6,500 mt. All 58 companies are to supply rice at \$164/mt FOB HCMC. Vinafood 2 will then arrange shipments to Philippines. Reportedly freight costs are about \$16 from HCMC to Manila, leaving Vinafood 2 and/or the Vietnamese Government a nice margin.

When the Philippines purchased 187,500 tons from Vinafood 2, it also purchased 75,000 metric tons from three non-Vietnamese trading companies (located in Singapore, Malaysia and Thailand). Several of those traders tried to purchase Vietnamese rice to fulfill their contracts, but the Ministry of Trade quickly implemented an export ban. The MOT said the ban was to ensure that there was enough 25% broken rice to complete the transaction with the Philippines and to keep domestic prices stable. This sudden export ban will damage Vietnam's reputation in international markets.

Vietnam's rice export to Iraq resumed. A source from traders was quoted as saying that Vinafood 1 is buying 50,000 mt of 5% for shipping to Iraq.

Vinafood 2 was quoted as saying that Vietnam's rice exports in the second quarter are estimated to reach 1 mmt, about 17% higher than that in the first quarter.

Post keeps the estimate of Vietnam's CY-2003 rice export unchanged at 3.5 mmt (see table 3)

Table 3: Vietnam Rice PS&D table

PSD Table						
Country	Vietnam					
Commodity	Rice, Milled				(1000 HA)(1000 MT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Area Harvested	7,339	7,493	7,471	7,471	7,390	7,350
Beginning Stocks	885	978	843	843	1,169	1,169
Milled Production	20,670	20,473	21,036	21,036	21,074	21,090
Rough Production	31,318	31,020	31,872	31,872	31,930	31,955
MILLING RATE (.9999)	6,600	6,600	6,600	6,600	6,600	6,600
TOTAL Imports	40	20	20	20	0	0
Jan-Dec Imports	40	20	20	20	0	0
Jan-Dec Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	21,595	21,471	21,899	21,899	22,243	22,259
TOTAL Exports	2,800	3,600	3,100	3,230	3,500	3,500
Jan-Dec Exports	2,800	3,600	3,100	3,230	3,500	3,500
TOTAL Dom. Consumption	17,400	17,028	17,500	17,500	17,850	17,850
Ending Stocks	1,395	843	1,299	1,169	893	909
TOTAL DISTRIBUTION	21,595	21,471	21,899	21,899	22,243	22,259

POLICY

The Government of Vietnam ready to stabilize paddy prices. The Government will take action to stabilize MRD paddy prices if they fall below VND 1,300/kg, as indicated in the official letter 0578 TM/XNK dated March 7, 2003 issued by MOT. Accordingly, the Government will launch a rice stock-pile to prevent the paddy price from going below VND 1,300/kg. However, the Government intervention may be not necessary as paddy prices in the MRD are much higher than the floor price.